

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 DODE-00 FPC-01 H-01 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07 SP-02

SS-15 STR-04 TRSE-00 ACDA-07 PA-01 PRS-01 /104 W

-----014828 130554Z /14

R 121516Z AUG 77

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 938

INFO AMEMBASSY BELGRADE

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E.O. 11652: N/A

TAGS: ENRG, UR

SUBJECT: PROBLEMS OF SOVIET PETROLEUM EXPLORATION

REFS: (A) MOSCOW 10814, (B) MOSCOW 10378, (C) MOSCOW 10098,

(D) MOSCOW 9766

SUMMARY: PRAVDA OF AUGUST 10 CRITICIZES FAILURES IN OIL AND GAS EXPLORATION IN TYUMEN OBLAST. FLAGGING SUPPORT BY SEVERAL MINISTRIES HAS LED TO BELOW-PLAN EXPLORATORY DRILLING PERFORMANCE WHICH COULD AFFECT SOVIET OIL PRODUCTION "IN THE NEAR FUTURE." AL-
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LOCATIONS OF CAPITAL AND IMPROVED EQUIPMENT TO EXPLORATION EXPEDITIONS HAVE PROVED INADEQUATE FOR SEVERAL YEARS. ALTHOUGH SOME REORGANIZATION OF THE TYUMEN EXPLORATION ADMINISTRATION IS UNDERWAY, SAYS PRAVDA, MUCH MORE IMPROVEMENT - PARTICULARLY IN LOGISTICAL SUPPORT - IS NEEDED. (COMMENT: THE PRAVDA STORY LENDS CONSIDERABLE WEIGHT TO THE COMPLAINTS IN RECENT SOVIET PRESS REPORTS THAT THE TYUMEN OIL AND GAS INDUSTRIES ARE FACING SIGNIFICANT

PROBLEMS THAT COULD PARTICULARLY HURT NEAR-TERM SOVIET OIL PRODUCTION.) END SUMMARY.

1. POOR RESULTS OF OIL AND GAS EXPLORATION IN TYUMEN OBLAST ARE ATTACKED IN A MAJOR INVESTIGATIVE ARTICLE IN THE AUGUST 10 PRAVDA. ALTHOUGH LARGE UNDISCOVERED OIL AND GAS RESERVES EXIST IN THE REGION, SAID THE ARTICLE, THE SLOW PACE OF EXPLORATORY DRILLING RAISES SERIOUS QUESTIONS FOR SOVIET ENERGY PRODUCTION--PARTICULARLY OIL - IN "THE NEAR FUTURE."

2. IN 1976 TYUMEN FOR THE FIRST TIME IN 15 YEARS FAILED TO MEET ITS PLAN FOR FINDING NEW OIL RESERVES. IT WAS ALSO BEHIND PLAN IN THE FIRST HALF OF 1977. THE MAIN REASON, SAID PRAVDA, WAS THAT EXPLORATORY DRILLING HAS LONG LAGGED BEHIND PLAN. TYUMEN OIL AND GAS RESERVES GREW SO FAST IN THE SIXTIES, THAT GOSPLAN AND THE USSR AND RSFSR MINISTRIES OF GEOLOGY FELL UNDER THE ILLUSION THAT FINDING NEW DEPOSITS WAS EASY. THUS IN 1968 THE ALLOCATIONS OF CAPITAL AND NEW TECHNOLOGY TO TYUMEN PETROLEUM EXPLORATION BEGIN EXPERIENCING ANNUAL REDUCTIONS. IN THE OB' AND YAMAL REGIONS, SPECIALIZED DRILLING GROUPS WERE ABOLISHED. THE RSFSR MINISTRY OF GEOLOGY, ADDED PRAVDA, IN 1973 HALTED NEW SEARCHES FOR GAS IN TYUMEN, ARGUING THAT SUFFICIENT RESERVES HAD BEEN OBTAINED TO LAST FOR MAN YEARS.

3. EXPLORATION RESULTS SUFFERED AS A RESULT. THE AVERAGE OF 5 METERS OF EXPLORATORY DRILLING PER SQ. KM. IN TYUMEN OBLAST IS LIMITED OFFICIAL USE

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20 TIMES LESS THAN THAT FOR THE TARTAR AND BASHKIR REGIONS. THE CURRENT AVERAGE ANNUAL DRILLING PER TYUMEN EXPLORATION BRIGADE, SAID PRAVDA, IS LESS THAN IN 1970. WHILE TYUMEN EXPLOITATIONAL DRILLING BRIGADES AVERAGE 50,000 - 60,000 METERS A YEAR, EXPLORATION BRIGADES AVERAGE ONLY 10,000. BREAKDOWNS ARE FREQUENT; 9 OF THE OBLAST'S 53 EXPLORATION BRIGADES WERE IDLE DURING ALL OF 1976.

4. SINCE MOST TYUMEN EXPEDITIONS ARE WORKING WITH OLD EQUIPMENT, SAID PRAVDA, IMPROVED MANAGEMENT IS NEEDED. A SERIOUS RESTRUCTURING OF THE TYUMEN GEOLOGICAL ORGANIZATION IS UNDERWAY, WITH NEW AGENCIES BEING ESTABLISHED TO IMPROVE OIL AND GAS EXPLORATION AND TO STUDY PROBLEMS OF DEEP DRILLING.

5. PRAVDA ADDED, HOWEVER, THAT LOGISTICS MANAGEMENT WAS STILL WOEFULLY INADEQUATE. GOSPLAN, GOSSNAB AND THE USSR AND RSFSR GEOLOGY MINISTRIES WERE BLAMED. OF PRIMARY CONCERN WAS THE ABSENCE OF ALL-WEATHER GROUND TRANSPORT. ONE-THIRD OF EXPLORATION COSTS, SAID PRAVDA, WAS DUE TO BRINGING IN SUPPLIES BY AIR. EVEN THEN, MOST TYUMEN EXPEDITIONS ARE LACKING SERIOUSLY NEEDED ITEMS SUCH AS MOBILE ELECTRICAL UNITS AND HIGH QUALITY DRILL PIPE. PRAVDA REPORTED THAT MANY DRILLING BRIGADES HAVE FOR SIX MONTHS BEEN WITHOUT RESUPPLIES OF EQUIPMENT AND MATERIALS NEEDED FOR

CLEANING DRILLING FLUID. AS A RESULT DRILLING HAS BEEN VIRTUALLY HALTED AT SOME HIGH PRESSURE STRUCTURES IN NORTHERN TYUMEN WHERE THE FLUID IS ESSENTIAL.

6. PRAVDA ALSO ATTACKED THE MINISTRY OF GEOLOGY FOR ALLOCATING COMPUTERIZED SEISMIC SURVEYING EQUIPMENT TO OLDER PRODUCING REGIONS INSTEAD OF TYUMEN, WHERE THE NEED IS FAR GREATER. TYUMEN EXPLORATORY DRILLING IN MANY AREAS WAS BEING CONDUCTED "BLINDLY" BECAUSE SUCH EQUIPMENT WAS NOT AVAILABLE. (RECENT

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SOVIET PURCHASES OF SEISMIC EQUIPMENT DESCRIBED IN MOSCOW 10754.) PHONE COMMUNICATIONS BETWEEN THE GEOLOGICAL ORGANIZATION'S HEAD-QUARTERS IN THE CITY OF TYUMEN AND MOST OF ITS BRIGADES WERE USUALLY NON-EXISTENT. EFFECTIVE USE BY EXPEDITIONS OF THE HEAD-QUARTER'S TECHNOLOGICAL CAPABILITIES WAS THEREFORE IMPOSSIBLE.

7 PRAVDA SAID THAT THE ESTABLISHMENT OF A TYUMEN INSTITUTE FOR STUDY OF DRILLING PROBLEMS COULD NOT BE PUT OFF. LACK OF ADE-

QUATE HOUSING FOR EXPLORATION CREWS ALSO DESERVES GREATER ATTENTION BY RESPONSIBLE MINISTRIES.

8. COMMENT: THE PRAVDA THEME IS SIMILAR TO THAT OF AN ARTICLE
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IN THE NO. 28 EKONOMICHESKAYA GAZETA (REF D). HOWEVER, THE PRAVDA STORY - WRITTEN AS AN INVESTIGATIVE REPORT RATHER THAN AS A COMPLAINT BY LOCAL OFFICIALS - SEEMS TO CARRY MORE WEIGHT. THE PRAVDA STORY GENERALLY AUGMENTS EARLIER SOVIET PRESS COMPLAINTS (SEE REFTELS) ABOUT UNRESOLVED EXTRACTION AND TRANSPORTATION PROBLEMS IN THE OIL AND GAS INDUSTRIES OF TYUMEN OBLAST, THE PRINCIPAL SOURCE OF INCREMENTAL SOVIET GAS PRODUCTION AND AN IMPORTANT OIL PRODUCING AREA. PRAVDA DOES PLACE MORE EMPHASIS THAN REF ARTICLES, HOWEVER, ON THE "NEAR FUTURE" IMPACT OF THE EXPLORATION SHORTCOMINGS ON SOVIET OIL EXTRACTION.

9. THE ARTICLE ALSO HIGHLIGHTS THE PROBLEM OF INTERREGIONAL ALLOCATION OF AVAILABLE ADVANCED TECHNOLOGY - IN THIS CASE SEISMIC SURVEYING EQUIPMENT - WHICH MAY INCREASE IF THE SOVIETS CONTINUE COSTLY EFFORTS TO MAINTAIN PRODUCTION AT OLDER OIL AND GAS FIELDS. PRAVDA'S STATEMENT THAT THE RSFSR MINISTRY OF GEOLOGY HALTED FURTHER GAS EXPLORATION IN 1973 REQUIRES MORE INVESTIGATION.

10. AS WE SEE IT, THE PROBLEM OF INADEQUATE AND POORLY ORGANIZED EXPLORATION AND DISCOVERY ACTIVITY IS CONSIDERABLY MORE SERIOUS WITH RESPECT TO OIL THAN IT IS IN THE CASE OF NATURAL GAS. THE LATTER IS KNOWN TO EXIST IN HUGE SUPPLY, AND THE CHIEF PROBLEM IS RECOVERY AND TRANSPORT TO MARKET. ON THE OTHER HAND, TYUMEN'S PROVEN OIL RESERVES ARE FAR MORE LIMITED. THE THRUST OF THE PRAVDA ARTICLE SEEMS TO POINT TO THE ADVISABILITY OF SEARCHING FOR NEW OIL DEPOSITS IN TYUMEN TO AVOID A SUBSTANTIAL DOWNTURN IN OIL PRODUCTION IN THE 1980'S. AT THE SAME TIME, EFFORTS ARE CONTINUING TO FIND AND DEVELOP NEW OIL RESOURCES IN EAST SIBERIA AND IN OFFSHORE ARCTIC WATERS, BUT THESE MAY BE VIEWED AS A LONGER TERM SOLUTION TO THE PROBLEM.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, EXPLORATION, PRESS COMMENTS, GAS PRODUCTION
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MOSCOW11711
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770292-0397
Format: TEL
From: MOSCOW
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770867/aaaacevq.tel
Line Count: 210
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ce4e755b-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 MOSCOW 10814, 77 MOSCOW 10378, 77 MOSCOW 10098, 77 MOSCOW 9766
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1618453
Secure: OPEN
Status: NATIVE
Subject: PROBLEMS OF SOVIET PETROLEUM EXPLORATION
TAGS: ENRG, SOPN, UR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/ce4e755b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009